

Research Paper

Social and Environmental Accounting

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Abstract

A growing concern over recent decades regarding the negative impacts of economic activity on the natural and social concerns regarding environmental degradation, pollution, and waste, and poverty, depletion of natural resources, human rights, distributional justice, and inter- and intra-generational equity have increased in prominence, Consequently, there has been a growing demand from society for greater accountability and transparency regarding social and environmental issues. Of presenting social and environmental information to stakeholders, including developments in integrated reporting are Gaining in prominence, So the purpose of this study illustrate how the measurement and disclosure of environmental and social responsibility, and that through the presentation of various studies on this subject and efforts professional in this scope, and That the accounting it the change the from traditional trends of and the interest the help the community in identifying the social performance of business organizations by measuring and evaluating the social performance of business organizations and setting the report on its results.

Key Words:

Social Accounting, Environmental Accounting, Environmental liabilities, Green accounting, Social benefits

Introduction

for more than eight decades ago of the twentieth century, the term accounting for social responsibility, is not one of the terms used in accounting thought. This term was mentioned for the first time in the year (1923), when he (Sheldon) that the responsibility of any organization is primarily a social responsibility, and that the survival of any organization and continuity of having to adhere to and meet their social responsibilities in performing their various functions. *(CLARKSON& OVERELL& CHAPPLE, 2011)*

The term CSR was introduced by Bowen in 1953, followed by Heald in 1957 and Davis in 1960. Expanding on the original term, Frederick (1960), as cited in Lloyd et al., reiterated the need for businesses to use their resources for social needs. Lloyd et al. took the term CSR further by emphasizing that there is a contractual relationship between business and society that requires business to (a) assume broader responsibilities to society than ever before by serving a wider range of human values and (b) contribute more to the quality of American life than just supplying quantities of goods and services. *(Lawrence, 2010)*

In this paper, I discuss the existing literature about social and environmental Accounting, and how to measure it, study the Social accounting approaches And the impact of these approaches to the disclosure of social responsibility, and the efforts of organizations and professional associations of this scope, so I will divide this paper as follow:

- 1- Literature review for environmental and social accounting.
 - A. Social accounting definition.
 - B. The objectives of social accounting.
 - C. Scopes of social accounting.
 - D. The conceptual framework of environmental accounting.
- 2- What is The Social accounting approach?
- 3- The accounting between measurement and disclosure.
- 4- The efforts of organizations and professional associations.
- 5- Previous studies.
- 6- Egypt's role in social accounting.
- 7- Future research.
- 8- Conclusion.

First: Literature review for environmental and social accounting.

A. social accounting definition:

Because of the novelty of the subject, we are faced with the multiplicity of definitions of social accounting and not of clearly defined framework.

There were many concepts and definitions of social accounting and was the most important:

1- "Range of activities concerned with the measurement and analysis of social performance of business organizations and delivers that information to relevant groups and communities in order to assist them in making decisions and assessing the social performance of those organizations". (*Cooper & Taylor & Smith, 2005*)

2 - "means a report on all costs incurred by the unit's economic contribution in the fight against pollution and provision of health care and insurance and other social activities carried out to protect the society and the environment in which work through. " (*Bebbington & Moneva, 2008*)

3- " a system to assess and report on those parts of the activities of the entity that have a social impacts". (*Deegan & Soltys, 2007*)

4- " a system that deals with measuring the impact of the project activities and impact of the community and report on information resulting from this measurement for both internal and external parties assigned to this project and the mutual relations with the society ". (*Spence, 2009*)

The researcher agrees with the latter definition because it is more comprehensive and focuses on the primary objective of the social accounting.

B. The objectives of social accounting (Thomson& Bebbington, 2005)

Identify and measure the net social contribution of the organization.

Those do not include all the elements of costs and benefits the organization only, but also include elements of external costs and benefits (social), which have an impact on society, and stems of this role of the lack of accountability traditional in the measurement of performance social of business organizations.

2- Evaluation of social performance of the organization.

Through to determine whether the organization's strategy and objectives in line with social priorities on the one hand, and with the organization of ambitious people to achieve a reasonable proportion of the profits on the other hand, represent the relationship between the performance of business organizations, economic and social well-being the core element.

3- Disclosures of the activities of the organization and that have a social impact.

This objective appears the need to provide appropriate information on the social performance of the organization and their contribution to the achievement of social goals, and also communicate this information to the Parties benefiting internal and external alike, in order to rationalize the decisions of private and public for the guidance of social activities and defining the scope optimal both from the viewpoint of the user or from the viewpoint of society, and linked to this objective functions communication accounting.

C. Scopes of social accounting

University of California had held a conference entitled "The social Responsibility of business organizations 1970 "

The conference at the conclusion of its recommendations to the developments in the economic life of the successive, become imperative for business organizations need to amend the economic model of traditional, based on the philosophy of maximizing profitability to take into account in addition to economic considerations, considerations other social were not taken into account, including the development of natural resources and environmental development human resources, upgrading the quality of goods and services, interact with society organizations (*pava & Krause, 1996*).

And the many consensus that they should include the financial reports published alongside the results of the economic performance of business organizations, other results for its social performance.

In this regard, the business organizations to accept the social and environmental responsibilities, whether a legal liability imposed on it or those that are related to its interests own on the basis of an interview that the lack of these responsibilities may threaten their survival and continuity. (*Saleh & Zulkifll & Muhamad, 2010*).

The definition of social accounting is a more comprehensive of the environmental accounting included is the environmental dimension and the level of quality of goods and services, and contribute to the development of human resources, interaction organizations with the society.

So is the study of environmental accounting within the framework of social accounting.

D. The conceptual framework of environmental accounting:

Increased attention in the contemporary reality of the environment as a result of the many changes that affect the environment from pollution, whether air or water, which result from the need to modify the conceptual framework of accounting to suit these changes and the Helper to the emergence of a new term called Green accounting:

This attributed to the environmental movement known as The Green Party of the United States; this is primarily aimed at preserving the environment through the follow-up all the benefits and expenses in order to determine the cost of environmental pollution to reduce them through the various environmental reports and Limitation of assets and environmental liabilities. (Fleischman & Schuele, 2006)

D.1 The concept Green accounting (Environmental accounting):

"The set of activities that shall measure and analyze the environmental performance of business organization and deliver that information to groups and communities concerned in order to assist them in making decisions and assessing the environmental performance of these organizations" (Yakhou & Dorweiler, 2004)

D. 2 Definition of pollution of the environment:

Is to bring about change in the environment that surrounds the living human-induced and daily activities, leading to the emergence of some of the resources that do not fit with the place in which they live organism and lead to Imbalance. (Anex & Englehardt, 2001)

Of the most important implications on the Environmental accounting is the emergence of greenhouse gas effect which defined as:

It is known that the atmosphere maintains the temperature of the earth and so if there is a rise in temperature starting the heat excess emission in the image of infrared Visttia atmosphere holding part and the rest is running out to outer space and this is what called greenhouse effect and appears in the form of gas is carbon and methane, and nitric oxide.

This is what been invited to necessity of a global agreement to preserve the environment and the protection of society as a whole from these serious damage, One of the most important of these agreements is the Kyoto agreement.

D. 3 the Kyoto Protocol

Is a protocol to the United Nations Framework Convention on Climate Change (UNFCCC or FCCC), aimed at fighting global warming. The UNFCCC is an international environmental treaty with the goal of achieving the stabilization of greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system. The Protocol was initially adopted on 11 December 1997 in Kyoto, Japan, and entered into force on 16 February 2005. As of September 2011, 191 states have signed and ratified the protocol. The only remaining signatory not to have ratified the protocol is the United States. Other states yet to ratify Kyoto include Afghanistan, Andorra and South Sudan, after Somalia ratified the protocol on 26 July 2010. In 2011, Canada declared its intention to withdraw from the Kyoto treaty. Under the Protocol, 37 countries ("Annex I countries") commit themselves to a reduction of four greenhouse gases (GHG) (carbon dioxide, methane, nitrous oxide, sulphur hexafluoride) and two groups of gases (hydro fluorocarbons and per fluorocarbons) produced by them, and all member countries give general commitments. At negotiations, Annex I countries (including the US) collectively agreed to reduce their greenhouse gas emissions by 5.2% on average for the period 2008-2012. This reduction is relative to their annual emissions in a base year, usually 1990. Since the US has not ratified the treaty, the collective emissions reduction of Annex I Kyoto countries falls from 5.2 % to 4.2% below base year. The size Emissions do not exceed of Egypt and Arab countries 5%. (*United Nations, 2005*)

Given the above, the United States and European countries and other developed countries after discovering the negative effects caused by factories as a result of exercised their activities began demanding industrial projects put control on what caused the pollution of the environment and setting limits is not allowed to override both the exploitation of natural resources like gas, oil or influence them and led to focus on the social performance of projects in business organizations.

This has encouraged the emergence of many relevant topics and most important of which (carbon accounting, accounting for sustainable development, accounting generations).

Can review these points briefly because they need to researches a separate Because of the importance of these topics.

1- Carbon accounting (Lovell, MacKenzie, 2011)

The previous five years have seen sustained growth in carbon related disclosures across varied industries, many of which still remain voluntary. Adopting a form of ‘critical dialogic engagement’ Cortes provide valuable discourse around voluntary carbon disclosures, through an examination of the Carbon Disclosure Project (CDP) and the use of the Greenhouse Gas Protocol (GHG) reporting model within.

Emerged as a result of the accounting problem that every country has a certain percentage of the volume of emissions, so this ratio is distributed within the State to the companies, and if companies want to increase its stake to pay the other hand, appears the problem is measured in how these rights and disclosure.

Can carbon be measured by the present value or the fair value measurement, and for the disclosure as inventory or intangible assets.

The researcher agrees with the evaluation on the basis of fair value and disclosed as intangible assets.

2- Accounting Sustainable development

Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs. It contains within it two key concepts:

- The concept of ‘needs’, in particular the essential needs of the world’s poor, to which overriding priority should be given; and
- The idea of limitation imposed by the state of technology and social organization on the environment’s ability to meet present and future needs. (Russell & Thomson, 2009)

3 - Generational accounting

is a relatively new method of national accounting for measuring redistribution of lifetime tax burdens across generations from social insurance, including social security and social health insurance. It has been proposed as a better guide to the sustainability of a fiscal policy than budget deficits, which reflect only taxes minus spending in the current year. (Auerbach & Chun, 2006)

Generational accounting goes beyond conventional government budget measures, such the national debt and budget deficits, by accounting for projected lifetime taxes per capita net of transfers, which are not measured in a pay-as-you-go system of social-insurance accounting. The latter includes only current taxes for retirees less current outlays. Uses include projecting future taxes and outlays from different prospective current policies. For example, if a fall in labor-force growth from an earlier falls in the birth rate is projected to increase the proportion of retirees to the labor force, generational accounting might examine different projected changes in taxes or program benefits to finance the change.

Second: what are The Social accounting approaches?

There are three approaches to adopt social accounting to choose any of them will have a major impact and clear on social accounting a framework: (Laughlin, 2007)

A - Social Accounting as an extension of financial accounting (Merger)

Social Accounting is the natural evolution of financial accounting and therefore must be included in the financial reports traditional to clarify the performance of social Include social performance along with the economic performance in the traditional accounting reports. And thus achieve equilibrium between the goals of stakeholders and society as a whole.

B - Social accounting is a basic accounting

Accordance with this approach the social accounting are for basis all branches of accounting, on the basis that the primary objective of accounting is a service of society and social welfare, This have a clear impact on the philosophy of social accounting in terms of change all the concepts, objectives, assumptions and principles underlying the conceptual framework of accounting to match with financial statements to serve the society in the first place and is not to serve the stakeholders.

C – The Social accounting is branch of the accounting (separation)

Accordance with this approach social accounting as a branch independent such as management accounting, tax and auditing... And other branches, This will have an impact on the philosophy of social accounting in terms of the existence of the reports and accounts of its private and separate from the traditional financial reporting.

Third: the accounting between measurement and disclosure

1- Measurement

With regard to the accounting measurement of social responsibility is the most difficult problems facing the current conceptual framework of accounting; the main reason is the difficulty in measuring the social activities in the nature and scope of these activities that occur in it, As some are not having a financial value, prompting the accountant to ignore or just disclose them under the descriptive notes appear the financial statements, *for Example*, when the economic unit to take some action to protect consumers from misuse of their products or for the control of pollution to the difficulties of measuring the social impact of trade-offs which would prevent the accountant to measure these trade-offs.

Therefore, the researcher believes

That the reason for this problem is the lack of specific rules to help accountant in achieving this purpose which motivates him to rely on the discretion that lack of objectivity in some cases.

A. For the measurement process must be distinguished between two types of these expenses are: (CLARKSON & OVERELL & CHAPPLE, OP, CIT)

Combat Pollution expenses, decontamination expenses.

A.1 Combat Pollution expenses

Is an expenditure that is spent in order to get the equipment and machinery that are used to reduce pollution caused by the assets used in the normal activity practiced by the economic units in order to achieve economic benefits.

As the pollution Combat equipment is characterized in the same characteristics of long-term assets, Therefore are its processors on Capitalism expenses, But we must differentiate in processing between Two of the expenses independently in financial statement.

A.2 Decontamination expenses

They are expenses that are spent to remove the effect of pollution caused by normal economic activity in the production processes; they include the expenses of removal of waste production and processing later, and Taxes and Sanctions borne by the economic unit because of contamination of the environment, Or what you pay to the competent authorities as a contribution to a voluntary or mandatory under the laws and regulations prevailing in each country according **to the following factors:** (The size of the unit of economic activity, the nature of the work of economic unity, the degree of damages to the environment), This is the expenses of burden on the income, so are Revenues expenses.

B. Some believes that the social costs can be divided into two types:

B.1 Direct costs: (AICPA, 1996)

Any costs incurred by the entity mandatory or voluntary as a result of the implementation of programs or activities of the society is no longer a direct benefit to the entity, Examples of costs of the following:

- 1- Fees to outside engineering and consulting firms for site investigations and the development of remedial action plans and remedial designs.
- 2 - Costs of contractors performing remedial actions.
- 3 - Government oversight costs and past costs; usually this is based on the cost incurred Environmental Protection or other governmental authority dealing with the site.
- 4 - The cost of machinery and equipment that is dedicated to the remedial actions and that does not have an alternative use.
- 5 - Costs of operation and maintenance of the remedial action, including the costs of postremediation monitoring required by the remedial action plan.

It may be possible to measure these costs by using one of the methods of measurement, of the following (Costs to prevent the risk, Costs to restore the situation to what it was).

B.2 Indirect costs:

The societal damage as a result of to engage this unit the activities such as environmental pollution of air and water, exhaust and waste).

C. Returns and Social benefits:

Most studies focused on the social costs while measuring the social return is a fundamental problem facing the social accounting, *For example*, how can be estimated monetary value of the benefit received by the society from Greening the surrounding area by the entity.

The researcher proposes the measurement of social return on the basis of fair value or market value, or on the basis of current value.

Measurement difficulties for the following reasons:

➤ **Most of the social returns accrue to parties outside the organization**

Activities often resulting to social benefits for society and not for the organization, many of which are difficult to measure in cash for example, how to measure or estimate the cash value of the benefit received by the society as a result of reducing air pollution caused by the operations of the organization.

➤ **Even if the benefits to the Organization as a result of its social activities**

It is in society's acceptance of the Organization, Estimate the cash value of this acceptance this is difficult to verify, and also do not agree with the Conservatism principle.

The researcher believes

We must note always first, that under the social accounting that governs the process of measurement is how to disclosure, if disclosed in separate statement do not have problem in processing, because it is not determined by what statement accounts or reports that are prepared and how to setup. that the problem of disclosure are the financial statements, and I do not favor originally this because the statements will become more complex and there will be a the Confusion and confusion for users of financial statements, have a negative impact on the extent of use in assessing and making decisions.

2 - Disclosure (Hou & Reber, 2011)

A. Disclosure under the merger (first approaches)

Merger accounting information of social responsibility with the information of the traditional financial accounting within the financial statements of the general purpose: income statement and Statement of Financial Position, by adjusting the income statement of to meet burden responsibility environmental and social Any adjusted of accounting operating profit burdens of social responsibility in the four objects of: the environmental contribution, public contributions, human resources, and the scope Product or divided into burdens compulsory and optional to be accessible at the end of the to Amended net income.

Also be amended Statement of Financial Position traditional Enter the impacts of the contributions of environmental and social. This aims of Statement to provide information on resources available for use in the areas of environmental performance and the corresponding rights of others, so that the determination of net assets in each of the four scopes.

The researcher believes

That the Statement will become more complex and there will be confusion for users of financial statements, have a negative impact on the use of them in the evaluation and decision-making.

B. Disclosure under the separation (Third approaches)

Take Reports social responsibility in this approaches is one of three forms:

1- Reports Narrative

Are narrative reports the activities of social is usually optional and it does not analyze the costs and benefits, These reports represent the first stage in the evolution of social responsibility accounting, and I have proposed such reports of the American Society of Accounting AAA 1973.

2 - Reports disclose the costs of social responsibility activities

Without exposure to the benefits and is called (reports of inputs).

3 - Reports disclose all of the costs and benefits of social responsibility activities

Is called (reports of the input and output), this type is the most comprehensive types of reports.

It has been suggested in the book ESTES (Corporate Social Accounting in 1976) a model for this type of report is an interview in which the social costs of social benefits with a view to the net surplus or deficit on the social level of the project.

There are many other types of statements and social and environmental reporting, including: (Jenkins & Yakovleva, 2006)

(The model LINOWES, Report of the environmental and social performance multi-dimensional, Financial statement effects of failure to fulfill social responsibility, Social Activity Report, statement of social activity - the economic, statement Income social, and statement Social balance sheet, Environmental performance report, and statement of costs for environmental protection).

And can view the most important of statements and reports for example in:

A. The model is called LINOWES:

A form similar to the traditional income statement but in the three scopes of social responsibility are: human resources, natural resources and the product or service Divided into improvements and detriments.

B. Report of the environmental and social performance multi-dimensional:

It includes four Scopes are: (Environmental contribution, General contributions, Human Resources, Product or service), Often the information provided in the report ratios and statistics on the physical or biological basis of the determined by the environment science specialists to be the standard for the control of the actual levels and determine the type and size of the deviation.

C. Financial statement effects of failure to fulfill social responsibility:

Provide information to the existing cash measurement results of operations related environmental and social deviations is appropriate in the social environmental performance.

The researcher believes

Preferably, in my view the disclosure of social and environmental costs in the reports or of separate financial statements, because the statements will become more complex and there will be a confusion for users of financial statements of the large number of information In addition, this information is mostly discretionary and non-reliable and difficult to verify them, which may weaken confidence in the financial statements may adversely affect the extent of use in assessing and making decisions.

In the end, the disclosure of social information if is difficult to measured, to Preferred not to appear in the financial statements, The use of the financial statements additional is a most convenient way to display information of social responsibility.

Fourthly: The efforts of organizations and professional associations.

1- The national Association of Accountants (NAA, 1974)

Has formed a special committee to study the issue of social accounting has presented its report in 1974 the title "Accounting for corporate social performance" through the four scopes of social performance as follows:

- 1- Interaction with society organizations.
- 2- Contribute to the development of human resources.
- 3- Contribute to the development of natural resources and environmental.
- 4 - Upgrading the quality of goods and services.

2 - Institute of Chartered Accountants in England & Wales

Form of the Accounting Standards Committee Which published its report in 1975 Requests to amend the scope and objectives of the published financial statements, to include information covering the needs of a group of categories such as:

- 1 - Jobs for laborers.
- 2 - Cash flows for the economic unit.
- 3 - Commitment to implement the law.
- 4 - All the costs that have an impact on the Society.

3 - American Accounting Association (AAA, 1976)

The report (AAA) was the first step towards the development of an integrated model includes measurement and presentation of environmental and social performance of the project, but a relatively small step, and was confined in the form of a descriptive report.

As well as, the (AAA) conducted a field study on some companies that social reports and statements that in order to identify the basics of measurement and disclosure, has issued a report on five scopes of social performance in 1976:

- 1- Control on the environment.
- 2- Employment of Minorities.
- 3- Employees.
- 4- Improving the product.
- 5- The Society service.

4 - Working group of United Nations experts

A group of experts work of the United Nations to standards and reports international accounting (1990) attention to the disclosure of environmental topics, calling for companies to disclose as follows:

- 1 - The environmental policy of the project.
- 2 - Environmental spending during the accounting period.
- 3 - Environmental spending is expected in the future.
- 4 - The activities and performance (noise levels, toxic waste, and the emission levels of gases). (Gray, 2001)

5 - Working Group the accounting organizations

That in 1993 studied a group of experts in the field of environmental accounting standards and accounting instructions for to the extent of environmental compatibility, Included (AICPA, FASB, and SEC), under the supervision of the AICPA, I have been discussion the following:

- A. Studying General accepted accounting principles (GAAP), the extent of applicability of the topics on the environment, and the extent of disclosure of financial statements.
- B. Identifying whether environmental matters require the issuance of an accounting standard or guidance issued by a responsible and the possibility of evaluation.
- C. Give the starting point for the setting of guidance in the application of existing accounting standards and related environmental matters.

The findings of this Committee to the two recommendations:

- 1-The necessity of an accounting standard or guidelines for environmental liabilities.
- 2-The Prepares and users of financial statements demanding that they are fully aware of federal laws regarding special treatments and environmental concepts and a shared commitment and multilateral surveillance.

6- International Federation of Accountants in the framework of the 2009

He explained that include information on sustainable development in the financial reports of the company necessary for the following reasons:

- 1 - Encourage the completion of standards of the financial report.
- 2 - Provide important information to investors about the effects of sustainability and risk, opportunities and relationships with the various parties.
- 3 - Motivate companies to improve their performance in the scope of environment and social responsibility and corporate governance.
- 4 - Reduce the cost of capital as they help to improve the management's expectations to investors.

7- The Canadian Institute of Chartered Accountants (CICA, 2010)

Demonstrates the importance of information governance and social and environmental responsibility to investors, the study resulted in a set of results including:

1 - This information helps investors to assess the performance of the company in the long term under the compliance with legislation taking into account environmental and social responsibility and commitment to international principles of corporate governance and thus evaluate the performance of the company's sustainable development.

2 - Announcement of information governance and environmental study or sacrificed it not be available to investors in the timing of the issuance of financial reports.

8 – AICPA

Contribution in this area formed a group to study the objectives of financial statements in 1973 and proposed to be one of the objectives of financial statements is to report on the activities of the economic unit that have a significant impact on society, as he formed a committee to study the problems of measuring social performance has been published its report in 1977 Identified six scopes of social performance are as follows:

- A. The environment**
- B. Non-renewable resources**
- C. Human Resources**
- D. Suppliers**
- E. Customers**
- F. Society**

Issued a AICPA in October 10, 1996 Statement of Position 96-1 Environmental Remediation Liabilities, It includes two parts of, the first part of the laws relating to the environment and how to conserve natural resources and how to control pollution and pollution control laws.

The second part the guidelines for the disclosure and presentation of the income statement and balance sheet, as well as the disclosure of accounting principles and disclosure of loss contingencies.

A. The environmental liabilities

It is related to the environmental cost incurred by the facility after the meet the criteria for recognition as liabilities and when the amount or timing of the expenditure incurred to settle the liabilities is uncertain, it is referred to as the allocation of environmental liabilities.

B. Recognition of environmental liabilities:

- 1 - When the emergence of a liabilities to avoid or reduce damage to the entity.
- 2 - If it is possible to estimate the amount required to settle the liabilities reasonably.

C. Environmental commitment can be measured depending on the two Approaches are:

C.1 The present value of expenditures expected.

Is Present value, also known as present discounted value, is the value on a given date of a payment or series of payments made at other times. If the payments are in the future, they are discounted to reflect the time value of money and other factors such as investment risk. If they are in the past, their value is correspondingly enhanced to reflect that those payments have been (or could have been) earning interest in the intervening time.

C.2 The estimated expenditure to settle the liabilities.

Is the current cost, and are used to estimate the value of the liabilities A Depending to previous periods.

D. Balance Sheet Display according to the standard (SOP 96-1)

May include the balance sheet of many of the assets for the treatment of environmental liabilities including debtors of the parties that bear the responsibility and the insured and the former owners and the general terms, these amounts should not be offset in return for commitments for the treatment of environmental, so you should make sure that these amounts recorded as assets.

FASB Interpretation No. 39 states that a right of setoff exists only when all of the following conditions are met.

- Each of two parties owes the other determinable amounts.
- The reporting party has the right to set off the amounts owed with the Amount owed the other party.
- The reporting party intends to set off.
- The right of setoff is enforceable at law.

A debtor that has a right of setoff that meets all of these conditions may offset the related asset and liability and report the net amount. It would be rare, if ever, that the facts and circumstances surrounding environmental remediation liabilities and related receivables and potential recoveries would meet all of these conditions.

E. Income Statement Display according to the standard (SOP 96-1)

It is particularly difficult to substantiate the classification of environmental remediation costs as a component of non operating expenses. Because the events underlying the incurrence of the liabilities relate to an entity's operations, remediation costs should be charged against operations. Although charging the costs of remediating past environmental impacts against current operations may appear debatable because of the time between the contribution or transportation of waste materials containing hazardous substances to a site and the subsequent incurrence of remediation costs, environmental remediation-related expenses have become a regular cost of conducting economic activity. Accordingly, environmental remediation-related expenses should be reported as a component of operating income in income statements that classify items as operating or non operating. Credits arising from recoveries of environmental losses from other parties should be reflected in the same income statement line. Any earnings on assets that are reflected on the entity's financial statements and are earmarked for funding its environmental liabilities should be reported as investment income.

F. Disclosure of Accounting Principles according to the standard (SOP 96-1)

Indicates that entities should disclose those accounting principles that "materially affect the determination of financial position or results of operations." Particularly, entities should disclose accounting principles and the methods of applying those principles where alternatives exist.

With respect to environmental remediation liabilities, financial statements should disclose whether the accrual for environmental remediation liabilities is measured on a discounted basis. If an entity utilizes present-value measurement techniques, additional disclosures are appropriate. And that the disclosure is for the losses resulting from the emergency treatment of environmental liabilities in the margins of the financial statements.

G. Disclosure of losses resulting from the emergency treatment of environmental liabilities in accordance with the standard (SOP 96-1)

According to the FASB Statement No. 5, Accounting for Contingencies:

Requires the accrual of a liability if (a) information available prior to issuance of the financial statements indicates that it is probable that an asset has been impaired or a liability has been incurred at the date of the financial statements and (b) the amount of the loss can be reasonably estimated.

Disclosure in the margins of the financial statements on the nature and value of the contingent liability and therefore expect Disclosure for additional losses. Economic units but not required disclose the time frame for achieving the recoverable amounts recorded in the margins of the financial statements.

Fifthly Previous Studies:

1- A study by (Srebotnjak, 2007)

Stated that one of the researchers investigated the views of 40 managers from private and public sectors about the most important subject facing their organizations. It was the dominant answer is the subject of the environment. And expects this group of managers that accounting has to deal with topics of measurement and disclosure of environmental performance of the organization as part of normal business.

2- A study by (Nellis & 2006):

to study the reaction of financial markets in Argentina and Chile, the Philippines, Mexico and the impact of environmental performance by The report showed the bank that the price of the stock in these countries rose by 20% when it was disclosed Environmental performance and that reduced by 15% in response to the complaints of citizens affected by the of pollution.

3- A study by (Villiers & Staden, 2010):

to study the analysis of the relationship between the market value of the shares and the extent of the disclosure of social information published on some of the economic units and not others, the study analyzed a sample of units found the exceed the market value of shares of some economic units following the disclosure of information relating to their contribution in the field of pollution the environment.

4- A study by (Adams, 2000):

To show that the disclosure of social affect on the cost of capital as firms that disclose more about social and environmental information reduces the degree of asymmetry of information between investors and the company, leading to increased liquidity in the stock market and increased demand the company's shares and bonds, which leads to reduce cost of operations, thereby reducing the cost of capital.

5 - A study by (Suwaidan, & Hanna, Al-omari, 2004):

The practice of disclosure of social responsibility in Jordan that the social and environmental information disclosed voluntarily by the Jordanian companies are often descriptive information in terms of nature, and its always either in the supplementary notes to the financial statements or in the report of the Board of Directors.

6 - A study by (Ponnu & Okoth, 2009)

Show that the determinants of the disclosure of social responsibility Applied to Kenyan companies listed market Nairobi Securities that 87% of the companies the study sample the disclosure of corporate social responsibility for its performance in pollution control, consumer protection, human resources management, and disclosure depends on the economic performance of the company, and the size of the company, and the power of shareholders, and the nature of the activity, and the risks of investing in the stock, and government legislation environmental.

7 - A study by (Aql, Mohammed, 2010)

to study the measure the level of awareness of investors at the Stock Exchange for the content of the Information to announce the index of social responsibility, environmental and corporate governance, through Empirical Study, The study showed that there is a level of awareness high among investors in the securities of the contents of the index of the Egyptian social responsibility, environmental and corporate governance.

The result of the study indicate that the ability of the announcement of the index to achieve symmetry of information between management and investors in securities came the first, In the second place the availability of an item of disclosure and transparency of information announcement for information social and environmental responsibility and corporate governance, and in third place over the ability of the announcement of index ESG to provide indicators to predict the performance of the company and its continuation in the future, and in fourth place over the reflection of the information content of the index ESG in the pricing of securities, In last place came the announcement of the extent to which ESG index in the expression for the efficiency of operational policies and investment and financing.

8- Study by (Chetty, 2011)

Have identified of the most important scopes of social responsibility to contemporary **entities determined as follows:**

- 1 - Maintaining the quality of the environment.**
- 2 - Achieve the safe of the products.**
- 3 - Maintaining the safe and health of employees.**
- 4 - Maintaining of natural resources.**

Sixthly Egypt's role in social accounting:

There are a Group of social activities mandatory under the legislation that the Egyptian, Which the do economic units' performance including for example:

1- Cited Law Labor Egyptian No.137 of 1981. Many of the liabilities which an employer shall its performance to meet social responsibilities towards his employees, and examples those liabilities: (Provide appropriate transportation for workers, providing medical care for workers, Provide kindergarten for the children of workers).

2-The law of government workers No.12 of 2003 (giving workers leave Hajj with full pay once for the duration of his service).

3- Law Investment Egyptian No. 230 of 1989 (The percentage The Egyptian workers of investment projects not less than 75% of the total workers of these projects)

4- Law No. 27 of 1982 (On mining and quarrying (is paid the allowance nature work of 40% of salary in addition to the daily hot meal for workers quarries).

5- Law No. 37 of 1981(industrial security).

6- Laws and decisions Related Environmental:

- ☯ -Ministerial Decision No. 380 of 1975 on the protection of the environment from environmental pollution.
- ☯ Decision of the Deputy the military governor-General No. 2 of 1996 issued on 24/7/1996. (Prohibition of the establishment of heavy industry or contaminated the environment or expand horizontally in the existing ones within the cordon approved for the cities of Cairo and Alexandria within a radius of 60 km).
- ☯ Law No. 48 of 1982 on the protection of the Nile River and waterways from pollution.
- ☯ Law No. 4 of 1994 amended No. 9 of 2009 (For the protection of the environment, which identified a set of standards and requirements that must be committed to the economic unity to preserve the environment from pollution, and contribute to reducing the negative effects of the economic activity of the unit on the environment through its commitment to these standards).

7- Guide to Rules and corporate governance standards of Arab Republic of Egypt, October 2005 (required to disclose the need for Social Policy at least once a year)

8- Issued in the Egyptian Stock Exchange March 23, 2010 In collaboration with Standard & Poor's and Egyptian Institute of Directors index to classify the performance of companies listed on the Egyptian Stock In the scope of transparency and disclosure, which establishes classifications on the basis of social and environmental responsibility and corporate governance, and called on the name of the index EGX (ESG/S&P) To be Egypt the first Arab and African countries in the application of this indicator, and second in the emerging markets, after the success of the index in India, S&P\INDIA in 2008, has been to build and develop the cursor to the Egyptian market, and is the preparation and review of this indicator once in the month of July every year and that the activities of 100 companies in the Egyptian stock exchange.

9- Egypt to join the Global Compact initiative of the United Nations in 2002 Which represents a framework that allows businesses committed to aligning their operations and strategies with ten universally accepted principles divided into four groups, namely:(Human rights, Labor standards, Environment, against corruption)

10 - It is important initiatives undertaken by Egypt, the establishment of a specialized center in Corporate responsibility (This center does not only responsible for skill development programs, corporate social responsibility, but also the help of companies that have social and environmental aspects are present and influential in all company policies and decisions).

11- Egypt is a member of the Kyoto Protocol.

From my perspective:

Egypt does not have the any framework or standard, or even guidance to clarify what are the bases of measurement and disclosure and what are the policies that must be disclosed, and how it is disclosed), so the researcher believes that he can try to develop guidance to process the accounting problems that result from environmental accounting and social.

Seventhly: Future research

- 1 - Social responsibility on the national level.**
- 2 - Study the impact of the disclosure of information of social responsibility on the price of the shares.**
- 3 - The impact of the disclosure of information of social responsibility to information asymmetry.**
- 4 - The impact of the disclosure of information of social responsibility and cost of capital.**
- 5 - The impact of the disclosure of information on social responsibility, quality of financial reporting.**
- 6 - Carbon Accounting.**
- 7- Accounting for Emission Rights.**
- 8 – Accounting for acid rain**
- 9- Accounting for Sustainable Development.**
- 10 - Generational accounting.**
- 11 - A framework of social accounting (and its impact on the conceptual framework of financial accounting).**
- 12 - To issue a standard for social accounting.**

Conclusion:

That the accounting it the change from the traditional trends of and the interest the help the community in identifying the social performance of business organizations by measuring and evaluating the social performance of business organizations and setting the report on its results.

And it is not the responsibility of accounting identify and achieve the goals and objectives of the society, but rather contribute in defining the measurements of scientific and practical, which sets out the objectives and goals of the community and is the expression of these targets and the disclosure of these measurements periodically as a basis to evaluate and rationalization of social performance of the accounting unit.

From my perspective social accounting is not an extension and are not the foundation and is not a branch, but approach or thought or ideology, because they have an objective related to all of science, overlapping with them can be covered by the financial accounting and are (by the measurement and disclosure), and if you took her by the auditing (audited social) and, if taken by the costs, managerial (social managerial accounting) and taxes (accounting for the social taxes), and so It is the largest confined of in the branch of accounting.

In the End, It note that all these Methods or Approaches to suffer the difficulties of the accounting measurement for most of the activities of social responsibility, and therefore not an acceptable degree of reliability or objectivity which weakens the relevance decision making To stakeholders, so the most reports using for the purposes of disclosure the outside are those that are limited only to the statement of the costs of the activities of social responsibility without exposure to the benefits, no inputs reports are more reliable.

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لَا حَسْرَةَ لِي فِي مَا كُنْتُ أَعْمَلُ
لَا نَصْرَ لِي بِمَا كُنْتُ أَتَّخِذُ

بِنِعْمَتِي وَأَوْفَاءَ حِوَارِيَّتِي
وَأَصْحَابِ الْكَلْبِ الْأَبْيَرِ